

Highlights

	Year Ended October 31 1975	Year Ended October 31 1974	Change from 1974
Sales	\$58,747,936	\$57,338,733	+ 2%
Net Income	2,129,325	3,925,317	-46%
Per Share	.42	.77	-46%
As a percentage of sales	3.6%	6.8%	-46%
As a percentage of capital employed ¹	7.5%	15.7%	-52%
As a percentage of shareholders' equity ²	10.8%	22.9%	-53%
Dividends paid to shareholders	\$.28	\$.26	+ 8%
Capital Expenditures	2,822,022	3,447,361	-18%
Working Capital	15,525,238	19,227,339	-19%
Ratio of current assets to current liabilities	1.7 to 1	2.7 to 1	
Shares outstanding			
Class A and Class B	3,482,250	3,468,550	-
Class C and Class D	1,611,672	1,609,272	-
Number of shareholders	3,151	3,170	- 1%
Salaries, wages and employee benefits	\$13,787,239	\$14,080,418	- 2%
Number of employees (average)	1,474	1,643	-10%

¹ Capital employed represents total assets less current liabilities at beginning of year.

² Shareholders' equity at beginning of year.

The Annual Meeting of shareholders will be held on February 17, 1976, at the Royal York Hotel, Toronto, Ontario, beginning at 2:00 p.m.

Report to Shareholders

Significant Events in 1975

- *The acquisition of Venture Carpets of Canada Ltd. strengthens the Company's position within Canada and provides a broader base from which to expand export sales.*
- *A new rotary printer ordered for the Brantford plant at a cost of \$4,500,000 will permit greater flexibility in styling of products as well as much needed additional capacity.*
- *In order to fully develop all marketing opportunities for products and to keep pace with the Company's growth, separate operating divisions were established for the Harding Carpets brand, for Seneca Carpet Mills and for export.*
- *Service to customers in Ontario was improved with the introduction of a computerized on-line inventory information and order system.*
- *For almost three quarters, reduced consumer spending and high inventories throughout the carpet trade kept production at low levels. A significant upturn in demand occurred in the closing two months of our year.*

The effect of the most serious recession in three decades was felt from the start of the year. For almost three quarters of the past year, reduced consumer spending and high inventories throughout the carpet trade kept production at low levels. This created difficult operating conditions for your Company. It is encouraging to report that a significant upturn in demand occurred in the closing two months of our year.

While we would appear to have passed the bottom of the recession, there is some concern as to how strong and lasting the recovery will be. Inflation continues to be a serious threat that could very well prolong it. Time has not yet permitted a measure of the impact on business of the government's anti-inflation legislation, nor of its success in meeting its objective. We may be reassured that the seriousness of the problem has been recognized and that action is being taken. The attack on incomes and prices, however, is treating the symptoms and not the malady and unless governments reduce their spending and moderate the growth in money supply, it is difficult to see how any significant progress will be made.

Calendar year 1975 is expected to record a decrease in the carpet market in Canada for the first time in more than 15 years. Considering the severity of the recession, this is not unexpected. The level of activity now and current outlook are much stronger than a year ago. As a result, your Company feels the market for carpets in Canada will at least show a modest increase in the coming year. This is confirmed by a recent survey of consumer buying intentions which indicates that the overall index is higher than at the same time last year, and that intentions to spend on furniture and floor coverings are greater than three months earlier.

Your Company continues to have a positive outlook and believes the carpet industry will remain strong. Accordingly, major decisions made during the year should be of significant benefit in the future. One of these decisions was to acquire Venture Carpets of Canada Ltd. This and other actions have enabled your Company to strengthen its leadership position in the industry in Canada and to make significant progress in export markets. These objectives will continue to be pursued.



Providing sculptured styling and multi-coloring, Luxury Tones is reasonably priced. Its deep pile is of 100% spun Nylon yarn.

Income and Dividends

Net income for the year includes September and October results of Venture Carpets of Canada Ltd. and amounted to \$2,129,325, a decrease of 46% from the previous year. Earnings per share of 42¢ compare with 77¢ in 1974.

Earnings of 24¢ in the fourth quarter included two months of Venture Carpets' earnings and reflected a continuation of the improvement reported for the third quarter. Company sales, excluding Venture, in the fourth quarter were 13% over the same quarter last year and 25% over the third quarter of 1975. By year end, operating levels at our plants had improved and we look for a continuation of this trend.

The increase in deferred income taxes for the year of \$1,125,093 includes \$700,539 resulting from the acquisition of Venture Carpets. The accelerated capital cost allowance provided under federal income tax legislation is the primary source of deferred income taxes and materially assists the Company to finance the expansion of production facilities.

Dividends of 28¢ per share were paid during the year compared to 26¢ in 1974. A dividend of 7¢ or its equivalent per share has been declared payable January 2, 1976.

Sales

Sales of \$58,747,936, which includes two months experience of Venture Carpets, were up 2.5% over the Company's sales in 1974. Excluding Venture Carpets, sales in Canada were down 5% from the previous year.

Export sales increased by 17% to reach a record level. The Australian market again provided the major growth but during the past year sales were made to a number of European countries. A sales representative was appointed for Europe and the Export Division added market development staff.

Sales of Seneca Carpet Mills again recorded a good increase in volume despite the depressed condition of the market.

Continued attention is being given to establishing Seneca as a major brand name in the Canadian market.

In order to fully develop all marketing opportunities for products and to keep pace with the growth of the Company, separate operating divisions were established for the Harding Carpets brand, for Seneca Carpet Mills and for export. The Harding Carpets Division is responsible for sales to retailers through Company-owned distribution centres across Canada and directly to major retailers. Seneca Carpet Mills supplies independent distributors and sells directly to major retail accounts. The Export Division administers operations of our office in Sydney, Australia and our representative in Europe. Each division is headed by a separate group of competent and experienced managers.

The acquisition near year-end of Venture Carpets also strengthens the Company's position within Canada and provides a broader base from which to expand export sales. Although in existence only a few years, Venture achieved sales of \$15,000,000 in 1974. At two plants in Drummondville, Quebec, Venture manufactures carpet tufted mainly with space dyed yarns. Space dyeing describes the controlled application of a number of colours to carpet yarn, which can then be used in producing carpet of unique styling. Until recently, Venture Carpets operated the only space dyeing plant in Canada and, as well as processing yarn for its own use, supplied space dyed yarns on a commission basis to other carpet manufacturers. Venture Carpets will operate as a subsidiary company under its own management and retain its product identity and independent distribution. As a Company that is proud of its Canadian origins, Harding Carpets Limited is pleased to have manufacturing facilities in the Province of Quebec as well as in Ontario.

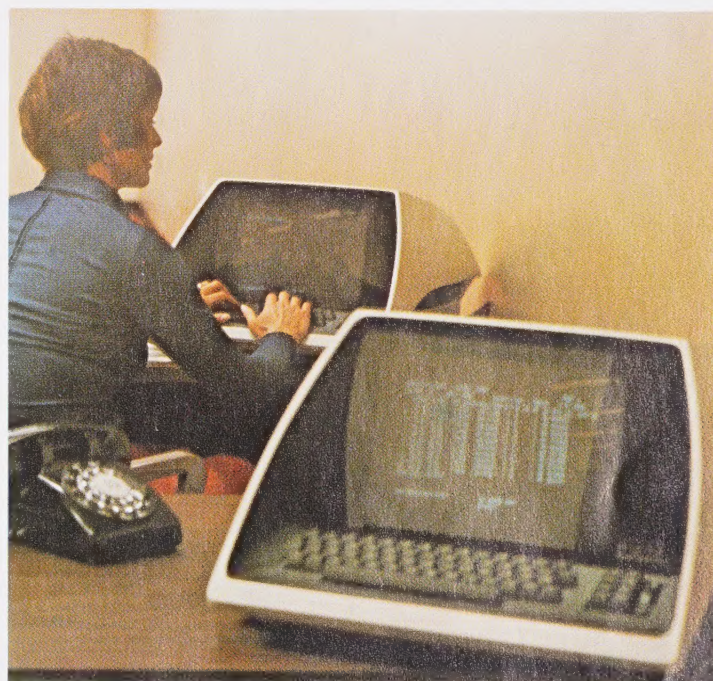
Service to the customer in Ontario was improved with the introduction of a computerized on-line inventory information and order system. It is planned to expand the system to serve other Canadian markets.

Carpet Market

For the first eight months of calendar 1975, the carpet market in Canada experienced a substantial decline compared to the previous year. As the result of a definite upturn since August, it is expected the year will close with a decrease of about 7% in yardage. This compares to an increase in 1974 of 8%.

Over the previous ten years, the carpet market has grown at an average annual rate of 18% compounded. This means that the volume doubled itself in five years, an exceptionally high rate of growth by any standard.

Imports of carpet in 1974 increased by 22% in yardage to reach a share of 14% of the Canadian market. For the first six months of 1975, imports decreased by 11% from the previous year. The major exporter to Canada continues to be the United States where severely depressed conditions



Customer service clerks at the Rexdale Distribution Centre have instant access to order histories, inventory, and allocation of carpet rolls via the computer and these visual display terminals.

reduced manufacturers' shipments by 23% in the first six months of 1975 compared to the previous period.

In the past 15 years carpet has been used for many areas formerly covered with other material, both in homes and commercial establishments, in offices and in institutions such as schools and hospitals. A level of penetration now has been reached where there are fewer spaces left for carpet to take over. On the other hand, major replacements of carpet occur in cycles much shorter than 15 years with the result that the replacement market continues to increase. The net effect of both these factors in the future could be that market

growth may be lower than in the past, but healthy by any measure. Carpet continues to offer excellent value to the consumer. The Statistics Canada report for May 1975 shows a price index of 101.6 for tufted nylon carpet (1961 = 100). The table for the Canadian market below shows that consumption per household in Canada increased again in 1974 and is now almost on a par with that of the United States.

Financial Resources

The Statement of Changes in Financial Position on Page 9 shows that working capital decreased by \$3,702,101 after allowing for the acquisition of Venture Carpets. Working capital benefited from an increase in deferred income taxes of \$424,554 through the accelerated capital cost allowance provided under federal income tax legislation.

Inventories of \$16,433,325 show a small decrease after including the inventory of Venture Carpets and reflecting the higher costs due to inflation. At year end, inventory of finished goods was too low for our current level of operations. This was caused by the strong demand in the closing months of the year.

Bank advances at year end of \$10,631,137 show an increase of \$5,478,057 over the previous year end due to the purchase of Venture Carpets of Canada Ltd.

Capital Expenditures

Capital expenditures of \$2,822,022 include advance payments made on our second printer.

The Company announced earlier the decision to purchase a new printer to be installed in Brantford at a cost of \$4,500,000, of which \$900,000 was paid out in 1975. The new rotary printer, along with the existing flat bed printer, will provide greater flexibility in styling of products as well as much needed additional capacity. The new printing line is scheduled to be in production by May 1976.

In 1976, capital expenditures, including those for Venture Carpets, will reach \$7,000,000, representing the balance of the printer installation, plus additional tufting and yarn capacity. Continuing expenditures will be made to reduce water and air pollution and to conserve energy through heat and water recovery.

Personnel

The average number of employees throughout the year was 1,474 compared to 1,643 in 1974 and this is a reflection of our lower operating level. At year end, with the addition of Venture Carpets, total employment was 1,772.

One union contract covering employees of the Guelph plant was negotiated in 1975. In the coming year, five union contracts will be due for renegotiation.

Canadian Market		Total Square Yards (000's)	Percentage of total supplied by Canadian Mills	Consumption per Household (square yards)			Canadian Per Capita Personal Disposable Income
				Canada	U.K.	U.S.A.	
* (estimated)	1965	18,872	87.0	3.69	4.62	6.64	\$1,846
	1966	23,525	88.4	4.50	4.61	7.26	1,994
	1967	25,355	88.7	4.65	4.94	7.53	2,116
	1968	31,193	87.4	5.54	5.10	8.60	2,262
	1969	38,369	88.2	6.66	4.69	9.68	2,407
	1970	38,766	90.0	6.57	5.17	10.21	2,535
	1971	47,720	90.1	7.90	5.68	10.89	2,749
	1972	65,358	89.2	10.10	6.57	13.31	3,057
	1973	78,484	87.8	11.83	6.29	14.00	3,501
	1974	84,755	86.1	12.28	5.17	12.51	3,980
	% Increase (Decrease)						
	1965-1974	349.1%	(1.0)%	232.8%	11.9%	88.4%	115.6%

*Exports & Automotive Carpet have been excluded. Adjustments from previous reports have been made in accordance with latest available information.

*Reminiscent of woven
carpets, Celeste is a cut pile
Design Dyed carpet. It is
now treated with Scotch-
gard from 3M, a Canadian
exclusive to Harding,
introduced during the year.*

In 1975, the Company contributed \$512,659 to pension plans on behalf of employees. This sum includes substantial improvement to past service benefits to recognize increased pay levels and the effects of inflation.

Mr. John G. Urquhart was appointed Vice-President and General Manager of the Harding Carpets Division with responsibility for the marketing of Harding brand products and operation of Harding distribution centres. Mr. Urquhart previously was Vice-President, Marketing.

Mr. J. H. Brian Daniels was appointed Vice-President and General Manager of Seneca Carpet Mills Division. Mr. Daniels joined the Company with many years of experience in the carpet industry, most recently as president of another Canadian carpet manufacturing company.

Mr. Donald F. Rowe was appointed Manager of the Export Division. Mr. Rowe had been serving as Sales Manager in the Export Division.

Mr. Colin K. Thompson became Vice-President, Industrial Relations and Personnel. He was previously director of this function.

The past year has been a difficult one that has placed an additional burden on management as well as creating problems for employees who have experienced temporary layoffs. The Board wishes to express on behalf of shareholders its appreciation to all employees for their contribution and their continued loyalty during the year.

Annual Meeting

The annual meeting of shareholders will be held on February 17, 1976 at the Royal York Hotel, Toronto. We look forward to meeting shareholders and reporting further on Company activities at that time.

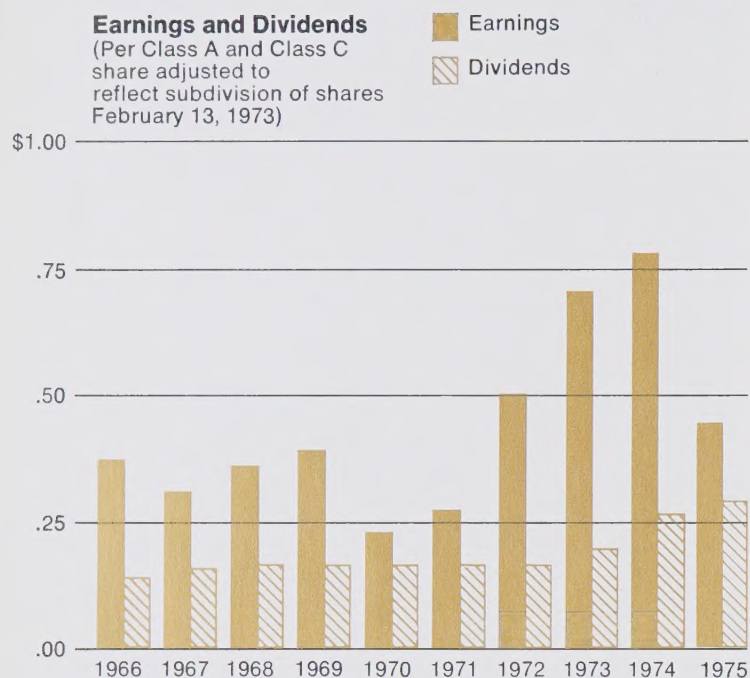
On behalf of the Board,

Chas. Harding *A. Davidson*
Chairman of the Board President
December 19, 1975

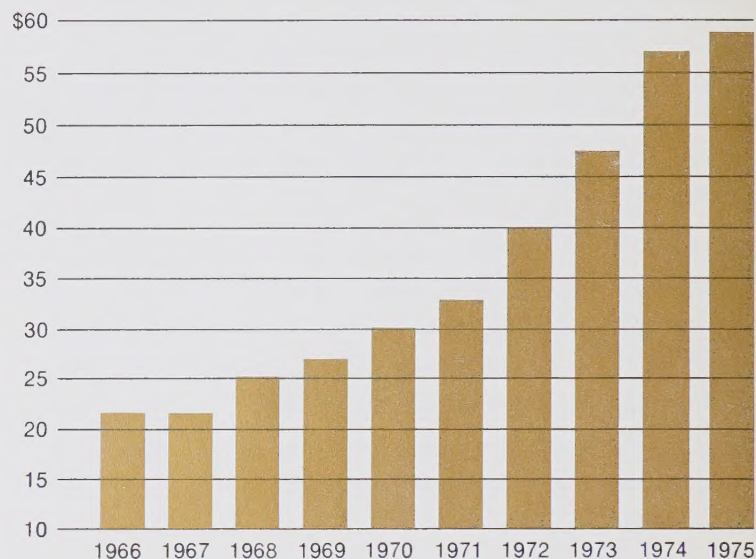


Indicators of Company Growth

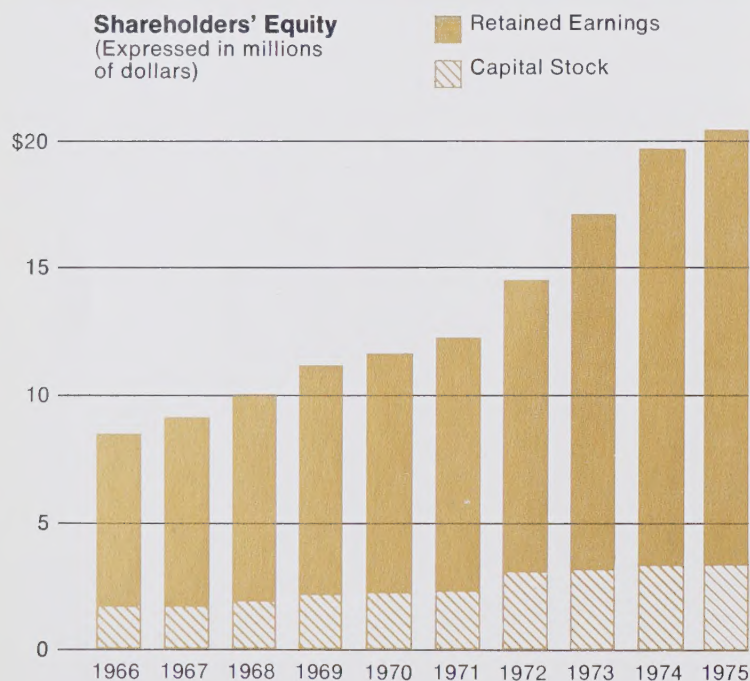
Earnings and Dividends
(Per Class A and Class C
share adjusted to
reflect subdivision of shares
February 13, 1973)



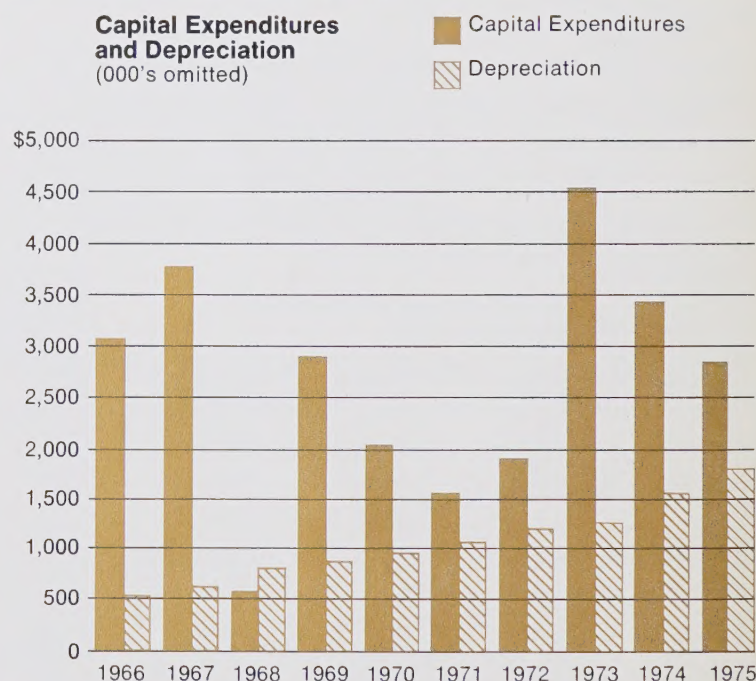
Net Sales
(Expressed in millions
of dollars)



Shareholders' Equity
(Expressed in millions
of dollars)



**Capital Expenditures
and Depreciation**
(000's omitted)



These charts reflect the Company's progress over the 10-year period ending October 31, 1975.

Consolidated Statement of Income and Retained Earnings

	Year Ended October 31 1975	Year Ended October 31 1974
Sales	\$58,747,936	\$57,338,733
Cost of Sales	44,459,022	40,936,250
Gross Profit From Operations	14,288,914	16,402,483
Deduct the following items:		
Selling, administrative and distribution expense	9,027,412	8,148,173
Interest on Long Term Debt	1,160,277	865,568
Other interest	419,487	556,425
	10,607,176	9,570,166
Income Before Taxes	3,681,738	6,832,317
Taxes on Income	1,552,413	2,907,000
Net Income for the Year	2,129,325	3,925,317
Add: Retained Earnings at beginning of year	16,713,203	14,116,841
	18,842,528	18,042,158
Less: Dividends paid and related taxes thereon	1,420,024	1,328,955
Retained Earnings at end of year	\$17,422,504	\$16,713,203
Earnings per share	\$.42	\$.77

Consolidated Balance Sheet

Assets	October 31 1975	October 31 1974
Current		
Accounts receivable, less allowance for doubtful accounts	\$19,987,963	\$13,782,120
Inventories (Notes 1 (b) & 3)	16,433,325	16,616,697
Prepaid expenses	452,087	336,339
Total Current Assets	36,873,375	30,735,156
Fixed (Notes 1 (c) & 4)		
Land, buildings and equipment at cost	36,917,075	28,940,900
Less: Accumulated depreciation	13,465,043	11,007,547
	<u>23,452,032</u>	<u>17,933,353</u>
	<u>\$60,325,407</u>	<u>\$48,668,509</u>
Liabilities		
Current		
Bank advances	\$10,631,137	\$ 5,153,080
Accounts payable and accrued liabilities	9,085,842	5,775,907
Income taxes payable	547,552	148,830
Instalments on long term debt due within one year	1,083,606	430,000
Total Current Liabilities	21,348,137	11,507,817
Long Term Debt (Note 5)	13,134,013	13,215,000
Deferred Income Taxes (Note 1 (d))	5,305,093	4,180,000
Shareholders' Equity		
Capital Stock (Notes 6 and 7)	3,115,660	3,052,489
Retained Earnings	17,422,504	16,713,203
	<u>20,538,164</u>	<u>19,765,692</u>
	<u>\$60,325,407</u>	<u>\$48,668,509</u>

Approved by the Board,

Cliff Harding
Director

A Davidson
Director

Harding Carpets Limited
and subsidiaries

Consolidated Statement of Changes in Financial Position

	Year Ended October 31 1975	Year Ended October 31 1974
Financial Resources Were Provided By		
Operations—		
Net income for the year	\$ 2,129,325	\$ 3,925,317
Charges not involving a current outlay of funds:		
Depreciation	1,815,740	1,565,771
Deferred income taxes	424,554	840,000
	<u>4,369,619</u>	<u>6,331,088</u>
Issue of capital stock (Note 6)	63,171	56,278
Issue of Series D debentures	—	6,000,000
Fixed asset disposals	102,125	170,991
	<u>4,534,915</u>	<u>12,558,357</u>
Financial Resources Were Used For		
Expenditures on fixed assets	2,822,022	3,447,361
Dividends paid and related taxes thereon	1,420,024	1,328,955
Reduction in long term debt	748,133	430,000
Acquisition of Venture Carpets of Canada Ltd. net of Working Capital acquired (Note 2)	3,246,837	—
	<u>8,237,016</u>	<u>5,206,316</u>
Increase (Decrease) in working capital	(3,702,101)	7,352,041
Working Capital at beginning of year	19,227,339	11,875,298
Working Capital at end of year	<u>\$15,525,238</u>	<u>\$19,227,339</u>

Notes to Financial Statements

Year Ended October 31, 1975

Note 1—Accounting Policies

(a) *Principles of Consolidation*—The consolidated financial statements include the accounts of Harding Carpets Limited and its subsidiaries, all of which are wholly owned.

(b) *Inventories*—Inventories of raw materials and goods in process are valued at the lower of cost and replacement cost and inventories of finished goods at the lower of cost and net realizable value, all consistent with prior years.

(c) *Fixed Assets and Depreciation*—Fixed assets are stated at cost. Cost includes freight and installation charges where applicable. Depreciation charged on the books is based on straight line rates of 2½% for buildings and 9% for machinery and equipment. Gains and losses on disposal of fixed assets are included in earnings and the costs and accumulated depreciation related to these assets are removed from the accounts.

(d) *Deferred Income Taxes*—Deferred taxes arise as a result of claiming for income tax purposes maximum capital cost allowances which have been in excess of depreciation recorded in the accounts.

(e) *Earnings Per Share*—Earnings per share are calculated based on the weighted monthly average of the number of shares outstanding during the year or the lesser period under review in the case of quarterly reporting.

(f) *Other Significant Policies*—Research and development cost, development of new products, advertising, sales promotion and systems development expenses are charged against income as incurred.

Note 2—Acquisition of Subsidiary

All of the issued and outstanding capital stock consisting of 1,500,000 voting common shares of Venture Carpets of Canada Ltd., carpet manufacturers, Drummondville, P.Q., was purchased by the Corporation as of September 1, 1975, for a cash consideration of \$6,000,000.

The purchase method of accounting for the combination has been used and the results of operations subsequent to September 1, 1975, of the acquired Corporation are included in the Consolidated Statement of Income and Retained Earnings.

Total assets of the acquired Corporation and its subsidiary, as of acquisition date, amounted to \$10,489,583. Total liabilities were \$4,489,583.

Note 3—Consolidated Inventories

	1975	1974
Raw Materials	\$ 1,788,641	\$ 1,814,981
Goods in Process	5,334,457	3,827,075
Finished Goods	9,310,227	10,974,641
	<u>\$16,433,325*</u>	<u>\$16,616,697</u>

*1975 figures include inventory of Venture Carpets of Canada Ltd.

Note 4—Consolidated Fixed Assets

	1975		1974	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 637,322	\$ —	\$ 540,355	\$ —
Buildings	13,369,253	2,797,610	10,379,358	2,407,657
Machinery & Equipment	22,910,500	10,667,433	18,021,187	8,599,890
	<u>\$36,917,075*</u>	<u>\$13,465,043*</u>	<u>\$28,940,900</u>	<u>\$11,007,547</u>

*1975 figures include Cost and Accumulated Depreciation of assets of Venture Carpets of Canada Ltd.

The Corporation entered into contracts for fixed asset purchases, for delivery in 1976, totalling \$3,889,000.

Note 5—Long Term Debt

(a) Secured by a floating charge in favour of the debenture holders.

Series A, 6% 1984 \$2,500,000
The sinking fund requirements call for payments of \$200,000 per year, leaving a balance of \$900,000 due in 1984.

Series B, 6½% 1987 1,765,000
The sinking fund requirements call for payments of \$105,000 per year, leaving a balance of \$610,000 due in 1987.

Series C, 8½% 1992 2,950,000
The sinking fund requirements call for payments of \$125,000 per year through 1986 and \$155,000 per year from 1987 through 1991, leaving a balance of \$800,000 due in 1992.

Series D, 10¼% 1994 6,000,000
The sinking fund requirements call for payments of \$230,000 per year from 1976 through 1988 and \$290,000 per year from 1989 through 1993 leaving a balance of \$1,560,000 due in 1994.

\$13,215,000

The Trust Indentures underlying the outstanding debentures contain covenants which place limitations on the payment of dividends. The amount of consolidated retained earnings free from restriction as of October 31, 1975 was \$2,542,003. This amount will increase if future earnings exceed dividends distributed to shareholders.

(b) Long term debt of subsidiary, Venture Carpets of Canada Ltd., secured by fixed and/or floating charges on its fixed assets, incurred prior to acquisition September 1, 1975, at interest rates varying from 8 to 11¾% require principal payments of \$423,606, \$334,006, \$120,000 and \$45,007 in each of the years 1976 to 1979 respectively and \$20,000 in each of the years 1980 to 1984.

1,002,619

\$14,217,619

Less instalments due within one year

1,083,606

\$13,134,013

Note 6—Capital Stock

	Authorized	Issued and Outstanding
Class A and Class B non-voting interconvertible shares with a par value of 16 $\frac{2}{3}$ ¢	6,000,000	3,482,250
Class C and Class D voting, interconvertible shares without par value	2,999,000	1,611,672
Common shares without par value	1,000	—
	<u>9,000,000</u>	<u>5,093,922</u>

Class B and Class D shareholders may receive dividends out of tax paid undistributed surplus on hand and 1971 capital surplus on hand. These dividends will be an amount equivalent to the dividends paid on Class A and Class C shares less applicable taxes, if any.

Note 7—Employees' Stock Options

Options for 13,700 Class A and 2,400 Class C shares were exercised during the year ended October 31, 1975, for a cash consideration of \$63,171. Options for 75,900 Class A shares and 2,400 Class C shares were granted to staff members during the year. Options outstanding October 31, 1975, were as follows:

Expiration Date of Options	Class A		Class C	
	Number of Shares	Option Price Per Share	Number of Shares	Option Price Per Share
Nov. 17/75	66,600	\$7.20	3,000	\$7.20
Nov. 9/76	62,350	6.6375	2,400	6.75
Nov. 8/77	62,950	4.05	—	—
	<u>191,900</u>		<u>5,400</u>	

Options outstanding at October 31, 1975, do not vary significantly the diluted share earnings from reported share earnings.

Note 8—Directors' and Senior Officers' Remuneration

Remuneration to directors and senior officers totalled \$483,000 for 16 persons during the year ended October 31, 1975 (15 persons—\$426,000 in 1974).

Note 9—Pensions

In 1948, the Company introduced its Employees' Pension Plan. This Plan was integrated with the Canada Pension Plan and the Quebec Pension Plan in 1966. The Plan is contributory and the liability for past service is not significant.

The Deferred Profit Sharing Plan was introduced in 1960. It is a trustee plan which is paid for completely by the Company and has to date been mainly invested in the shares of Harding Carpets Limited.

Since 1948, net pension and profit sharing contributions have been as follows:

	Company Net Contributions	Employee Net Contributions
Employees' Pension Plan	\$2,634,869	\$2,201,854
Canada Pension and Quebec Pension Plan	996,624	996,624
Deferred Profit Sharing Plan*	527,402	—
	<u>\$4,158,895</u>	<u>\$3,198,478</u>

*The market value of the Deferred Profit Sharing Plan fund at October 31, 1975 was \$675,440.

The cost to the Company of the Pension Plans in 1975 was \$512,659 (1974—\$582,368). No contributions were made to the deferred profit sharing plan in either year.

Auditors' Report

TO THE SHAREHOLDERS OF HARDING CARPETS LIMITED:

We have examined the consolidated balance sheet of Harding Carpets Limited and its subsidiaries as at October 31, 1975 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Chartered Accountants

Toronto, December 19, 1975.

Ten Year Financial Summary

(000's omitted)

Year Ended October 31

	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966
Operating Results										
Sales	\$58,748	\$57,339	\$47,683	\$40,076	\$32,967	\$30,035	\$26,842	\$24,958	\$22,040	\$22,089
Depreciation	1,816	1,566	1,311	1,253	1,053	975	889	765	609	531
Interest	1,580	1,422	876	761	836	888	514	624	434	294
Income before taxes	3,681	6,832	6,313	4,706	2,539	2,013	3,651	3,238	1,776	2,894
Income taxes	1,552	2,907	2,774	2,195	1,240	960	1,814	1,545	366	1,133
Net Income¹	\$ 2,129	\$ 3,925	\$ 3,539	\$ 2,511	\$ 1,299	\$ 1,053	\$ 1,837	\$ 1,693	\$ 1,410	\$ 1,761
Per Share ²	.42	.77	.70	.50	.27	.22	.38	.36	.30	.37
As a percentage of sales	3.6%	6.8%	7.4%	6.3%	3.9%	3.5%	6.8%	6.8%	6.4%	8.0%
As a percentage of capital employed	7.5%	15.7%	15.2%	13.4%	7.4%	6.3%	10.6%	10.6%	13.6%	16.8%
As a percentage of shareholders' equity	10.8%	22.9%	24.5%	20.7%	11.4%	9.6%	18.3%	18.8%	17.0%	25.8%
Dividends Paid	\$ 1,420	\$ 1,329	\$ 960	\$ 796	\$ 776	\$ 770	\$ 765	\$ 755	\$ 723	\$ 626
Per share ²	.28	.26	.19	.16	.16	.16	.16	.16	.15	.13
Retained Earnings for Year	\$ 709	\$ 2,596	\$ 2,579	\$ 1,715	\$ 523	\$ 283	\$ 710	\$ 938	\$ 687	\$ 1,298
Other Financial Data										
Capital Expenditures	\$ 2,822	\$ 3,447	\$ 4,534	\$ 1,923	\$ 1,624	\$ 2,025	\$ 2,887	\$ 566	\$ 3,777	\$ 3,045
Working Capital	15,525	19,227	11,875	12,086	8,311	8,240	8,972	10,213	8,563	6,270
Ratio of current assets to current liabilities	1.7 to 1	2.7 to 1	1.9 to 1	2.5 to 1	1.7 to 1	1.7 to 1	1.9 to 1	3.5 to 1	2.7 to 1	2.1 to 1
Inventories	\$16,433	\$16,617	\$13,175	\$10,606	\$11,396	\$11,274	\$11,324	\$ 8,359	\$ 7,427	\$ 6,725
Fixed Assets (net)	23,452	17,933	16,223	13,227	12,626	12,209	11,212	9,235	9,559	6,451
Long term debt	13,134	13,215	7,645	8,075	5,791	6,312	6,824	7,095	7,600	4,100
Shareholders' Equity	\$20,538	\$19,766	\$17,113	\$14,427	\$12,116	\$11,407	\$10,961	\$10,034	\$ 8,992	\$ 8,281
Shareholders' Equity per share ²	4.03	3.89	3.38	2.86	2.48	2.37	2.29	2.12	1.90	1.76

¹ The net income for the years 1965 to 1973 has benefited under designated area legislation. For the years 1965 to 1967 taxation was reduced and from 1967 to 1973 income included grants for the Collingwood plant. Net income in 1969 is shown before extraordinary item less applicable income taxes representing national distribution start-up costs.

² Adjusted to reflect subdivision of each common and Class A share on February 11, 1967, and each Common and Class A share on February 13, 1973.

Directors and Officers

Directors

Ralph M. Barford
Chairman of the Board
GSW Limited/Limitée

Albert Davidson, C.A.
President
Harding Carpets Limited

J. Douglas Gibson, O.B.E.
Chairman of the Board
Consumers' Gas Company Limited

Anthony F. Griffiths
Chairman and Chief Executive Officer
Canadian Cablesystems Limited

C. Malim Harding, O.B.E.
Chairman of the Board
Harding Carpets Limited

John D. Harrison, Q.C., M.B.E.
Partner
Harrison, Elwood

Frank D. Lace, D.S.O., O.B.E.
Partner
A.E. Ames & Co.

J. Donald Mingay, D.S.O., M.B.E.
Management Consultant

William H. Young
President
The Hamilton Group Limited

Officers

C. Malim Harding
Chairman of the Board

Albert Davidson
President

J. H. Brian Daniels
Vice-President & General Manager
Seneca Carpet Mills Division

Philip L. Guit
Vice-President, Manufacturing

William C. McAllister
Vice-President, Distribution

Gerald A. Murray
Vice-President, Administration

William D. L. Sherren
Vice-President
Styling and Product Development

Colin K. Thompson
Vice-President
Industrial Relations and Personnel

John G. Urquhart
Vice-President and General Manager
Harding Carpet Division

Albert F. Klinkhammer
Secretary-Treasurer

Stock Exchange Listings

Toronto, Montreal and Vancouver

Transfer Agent and Registrar

Montreal Trust Company,
Toronto, Montreal, Regina,
Calgary and Vancouver

Bankers

The Royal Bank of Canada
The Toronto-Dominion Bank

Shareholders' Auditors

Price Waterhouse & Co.

Offices

Head Office
Morrell Street, Brantford, Ontario N3T 5R3

Executive Office
60 Yonge Street, Toronto, Ontario M5E 1H5

Harding Carpets Division Office
35 Worcester Rd. Rexdale, Ontario M9W 1K9

Seneca Carpet Mills Office
60 Yonge Street, Toronto, Ontario M5E 1H5

Venture Carpets of Canada Ltd. Office
1600 Janelle Street, Drummondville, Quebec J2B 6V6

Export Division Office
Morrell Street, Brantford, Ontario N3T 5R3

Australian Office
169 Miller Street, North Sydney,
N.S.W. 2060, Australia

Manufacturing Facilities

Brantford—tufting, printing and dyeing
Collingwood—yarn spinning and tufting
Guelph—yarn spinning
Drummondville—tufting and space dyeing

Harding Distribution Centres

Vancouver—4616 Canada Way, North Burnaby, B.C. V5G 1K7
Calgary—3030-9th Street, S.E., Calgary, Alberta T2G 3B9
Winnipeg—1555 Inkster Boulevard, Winnipeg, Manitoba R2X 1R2
Toronto—35 Worcester Road, Rexdale, Ontario M9W 1K9
Montreal—1475 Montee de Liesse, St. Laurent, P.Q. H4S 1J7
Moncton—1220 St. George Boulevard, Moncton, N.B. E1C 8R9

On peut obtenir un exemplaire en français de la lettre que le Président du Conseil et le Président ont adressée aux actionnaires en écrivant au Secrétaire de la Compagnie.

